The Steel Company of Canada, Limited

Annual Report 1976

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Quarterly Report to Shareholders for the period ended June 30, 1976

This message was mailed to shareholders with their dividend cheques of August 2, 1976.

The Steel Company of Canada, Limited
Toronto, Canada

Quarterly Report

To the Shareholders of The Steel Company of Canada, Limited:

Consolidated results for the quarter and half year ended June 30, 1976 in comparison with the corresponding periods in 1975 were as follows:

(In Thousands)	Three Months Ended June 30, 1976	1975	Six Months Ended June 30, 1976	1975
Raw steel produced - net tons	1,438	1,501	2,785	2,962
Sales	$359,672	$313,588	$690,558	$633,575
Depreciation	14,500	13,200	27,800	26,000
Income before income taxes	30,109	44,525	51,142	91,915
Income taxes	1,137	16,252	3,682	33,549
Net income	28,972	28,273	47,460	58,366
Net income per share	$1.17	$1.15	$1.92	$2.37

Net income per share is calculated on the weighted average number of shares outstanding in each period. Interim statements are subject to year-end adjustment and audit.

The upturn in demand that became evident in March continued throughout the second quarter. While the market for steel in the construction industry remains depressed, shipments of

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Dollars in millions except as indicated* **1976** 19

other products of the Company, especially rod, bar and flat rolled, have been improving steadily. Profits for the quarter reached last year's level and showed an increase over the earnings rate of recent months, but the results for the six month period are still well below those of the previous year.

The Company has responded to the invitation of the Chairman of the Anti-Inflation Board to present its views on the proposed changes in the guidelines applicable to prices and profits. We have expressed serious concern about the ability of Canadian business to maintain cash flows sufficient for current operations and new investment under guidelines which restrict profit margins to 85% of those of previous years. While the Company's pricing policies currently are limited by market conditions and not by the anti-inflation regulations, this situation is not expected to continue indefinitely and restoration of an adequate earnings level is imperative.

Capital appropriations amounting to $106 million for certain installations at the Lake Erie steel plant, previously approved in principle, were ratified by your Directors during the quarter. In addition, capital expenditures at other plants amounting to $11 million were approved.

While the improved demand for steel products is expected to continue through the third quarter, increased employment and other costs will continue to affect profit margins adversely.

Dividend August 2, 1976

The enclosed cheque is in payment of a dividend declared for the quarter ended June 30, 1976 payable to shareholders of record at the close of business July 5, 1976. The amount of the dividend is as follows:

Class "A" Convertible Shares
40¢ per share

Class "B" Convertible Shares
34¢ per share payable out of tax-paid undistributed surplus on hand.

NOTICE TO NON-RESIDENT SHAREHOLDERS: The Income Tax Act of Canada requires that a tax be deducted at the source from dividends paid to non-resident holders of Class "A" Convertible Shares. The rate of tax, 10%, 17½% or 20% depends on the shareholder's country of residence. This tax has been deducted from the amount of such dividends and remitted to the Canadian Government.

CHANGE IN ADDRESS: Please notify the Montreal Trust Company, 15 King Street West, Toronto, Ontario, M5H 1B4, of any change in address, using the enclosed change of address card.

Banks or Trust Companies receiving dividends on behalf of shareholders are requested to send this folder on to them. Additional copies may be obtained from the Secretary of the Company.

The Steel Company of Canada, Limited

Toronto, Canada

stelco

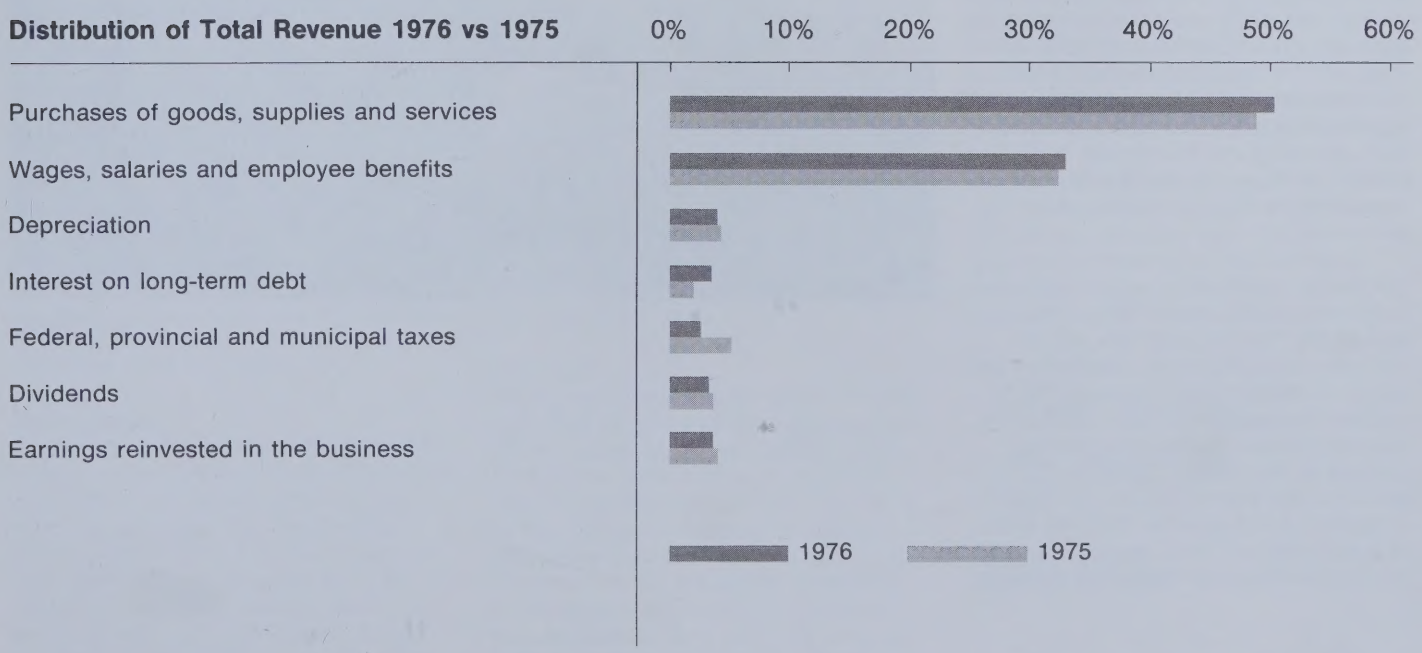
Annual Report 1976

(Year ended December 31, 1976)

Financial Highlights

Dollars in millions except as indicated*	1976	1975	% Change
Sales	**$1,359.8**	$1,201.8	+13
Net income	**$90.6**	$88.8	+ 2
Per cent of sales	**6.7%**	7.4%	
Per share	**$3.67***	$3.60*	
Dividends	**$42.0**	$42.0	0
Per share	**$1.70***	$1.70*	
Shareholders' equity	**$848.7**	$800.0	+ 6
Per share	**$34.36***	$32.39*	
Capital expenditures	**$172.5**	$232.8	– 26
Depreciation	**$54.9**	$51.4	+ 7
Materials and services bought and used	**$722.2**	$621.1	+16
Total employment costs	**$459.0**	$401.9	+14
Raw steel produced — thousands of net tons	**5,724**	5,396	+ 6

Distribution of Total Revenue 1976 vs 1975



A report from the Chairman of the Board

Canada is facing a number of problems that have serious implications for the health of both the country and Stelco. Accordingly, it is important that this Company's views on some of these problems be made clear and I have devoted a portion of my comments this year to a presentation of these views.

J. Peter Gordon

Inflation

In my opinion, the most serious problem we face today, both as individuals in our society and as members of the business community, is the continuing effect of inflation on our lives. It brings with it the destruction of the economic fibre of this nation, the erosion of our financial capabilities and the indecision that accompanies providing for the unknown.

Over the past year, there has been some moderation in the rate of inflation. Whether this moderation has been due to the Anti-Inflation Board, to soft demand in domestic markets, to more realistic monetary policies or to a dramatic drop in food and commodities prices remains to be ascertained. In my view, however, there is no doubt that the longer wage and price controls are in effect the more difficult it will be to make the fundamental corrections needed to ensure the increased growth and productivity in our economy that we so vitally need. They should be removed as soon as practicable. There is every reason to be optimistic regarding inflation provided that a firm monetary policy is continued, efforts to curtail government spending are maintained and needed changes are made in collective bargaining procedures in the public sector.

Continued control may indeed be necessary in the public sector where the realities of the "bottom line" are not an influence on settlements. More adequate labour legislation should be enacted to restore the balance between the participants in the collective bargaining process in this sector. Collective bargaining cannot be replaced by legislated arbitration but it must be made to work in a way that will allow the parties involved to discharge their responsibilities.

Labour
Canada cannot continue to vie for the worst man-days-lost record in the world. The disruption caused by strikes in the public sector and the effect of the settlements on expectations in the private sector have had a very damaging effect on our ability to compete in international markets, yet our future as a trading nation depends on this ability. Strikes as a final weapon may indeed be the only alternative but steps must be taken which will ensure that the strike weapon is used in the public sector only as a final resort and that settlements are commensurate with the growth in productivity throughout the country.

Government spending
Of equal importance is the battle against spending more than we make and dividing what we do not have. It is necessary that we realize that the reduction in government spending and the restriction and elimination of some existing programs will force us to assume more individual responsibility. The period of adjustment may be difficult, but deficit spending and the continual shifting of our responsibilities to future generations must be stopped.

Energy
Exploitation of known energy resources, increasing the efficiency of energy use and development of alternative energy sources are keys to the continued health of our economy. Policies directed at these objectives must receive high priority at all levels of government. The human dislocation that may result if such policies are adopted must be weighed against the consequences of an inadequate energy supply. Unless we are prepared, individually and collectively, to accept a sharp reduction in our standard of living, development of new energy resources must proceed.

Environment
Protection of the environment continues to be a major concern of your Company and 10% of the capital dollars being spent on our Lake Erie Development project are for this purpose. In addition, over $200 million has been spent for the same purpose at our existing facilities. All of us must acknowledge legitimate concerns in this area, but at the same time it must be recognized that there are economic and technological limits to what can be accomplished at any given time.

Industry review and outlook
For the Canadian steel industry, the year 1976 was far from outstanding. Despite moderate growth in the domestic economy, it is estimated that apparent steel consumption declined about 2.8% from 1975 to 10.6 million tons. Spending on consumer durables fuelled demand for steel, particularly in the first half. Capital spending, however, continued at low levels throughout the year leading to lower than expected demand for construction steels. The sluggish economic recovery and the uncertainties surrounding the Anti-Inflation Board's controls and rulings were obvious contributors to the weak steel market.

The 1977 outlook is for another year of marginal economic growth. We expect only minimal growth in capital spending although automotive production should remain strong and we anticipate growing demand for Canadian exports in the United States. As the economic recovery gains momentum, however, we expect business confidence to improve and this should lead to a rebuilding of currently low steel inventories later in the year. As a result, it is estimated that apparent consumption of steel products will increase by a little over 5% to about 11.2 million tons in 1977.

Lake Erie Development
With the continuation of the weak demand which began in the latter half of 1975 and the consequent reduction in cash flow, it was felt necessary to gear this project to a first quarter 1980 start-up date in order to match capital expenditures more closely with anticipated cash flow. Our present forecasts of market conditions do not indicate that a steel supply problem will arise by moving to the new target date.

Directors
Following 50 years in the steel industry, including 40 years of distinguished service to Stelco, Mr. H. M. Griffith retired from active participation in the Company's management on April 12, 1976. At the Directors' meeting on the same day, he was elected to the position of Chairman of the Executive Committee of the Board where his very considerable experience and skills will be available to the executive of the Company.

Executive changes
At the same meeting, the Directors elected Mr. J. Peter Gordon, Chairman of the Board and Chief Executive Officer, and Mr. J.D. Allan, President.

In May, a new division, combining the engineering and procurement functions, was created to improve control of capital expenditures. At the same time, there was a realignment of other executive responsibilities. To implement these changes, the Directors made the following appointments: Mr. A.D. Fisher, Vice-President, Corporate Planning and Research; Mr. A.J. Harris, Vice-President, Engineering and Procurement; and Mr. R.E. Heneault, Vice-President, Administration. Mr. J.E. Hood was named Vice-President — Manufacturing, Primary Operations to replace Mr. A.J. Harris.

After almost 41 years of service with the Company, Mr. N.J. Brown relinquished his responsibilities for the Finance Division on December 1, 1976. Mr. Brown continued as a Vice-President until his retirement on December 31, 1976. Mr. R.E. Karr, Vice-President — Comptroller, retired on December 1, 1976, after 35 years' service with the Company.

Arising from these retirements, the Board appointed the following officers effective December 1, 1976: Mr. W.C. Chick, Vice-President, Finance; Mr. B.M. Kinnear, Treasurer; Mr. H.J.M. Watson, Comptroller — Accounting; and Mr. F.H. Weir, Comptroller — Financial Planning.

The continued dedication and effort of our employees at all levels and the support of our suppliers and customers are greatly appreciated by the Directors.

Chairman of the Board and
Chief Executive Officer

Toronto, Canada
February 21, 1977

A report from the President

Reflecting the uncertainty in the economy, steel demand recovered only slightly from the depressed levels experienced in the latter half of 1975 and this precluded the achievement of improved earnings in 1976. The volume of domestic shipments was adversely affected by particularly weak demand in the construction sector and by a continuing flow of low-priced imports. To maintain operations at reasonable levels, substantial tonnages of semi-finished products were sold and efforts to increase overseas sales were intensified. Consequently, shipments in 1976 were higher than in 1975. However, the greater proportion of less profitable products in the 1976 shipments, in combination with cost increases which were not fully recovered through increased prices, resulted in a decline in operating margins. Notwithstanding this decline and a considerable increase in interest on long-term debt, net income improved slightly compared with 1975 due to a reduction in income taxes.

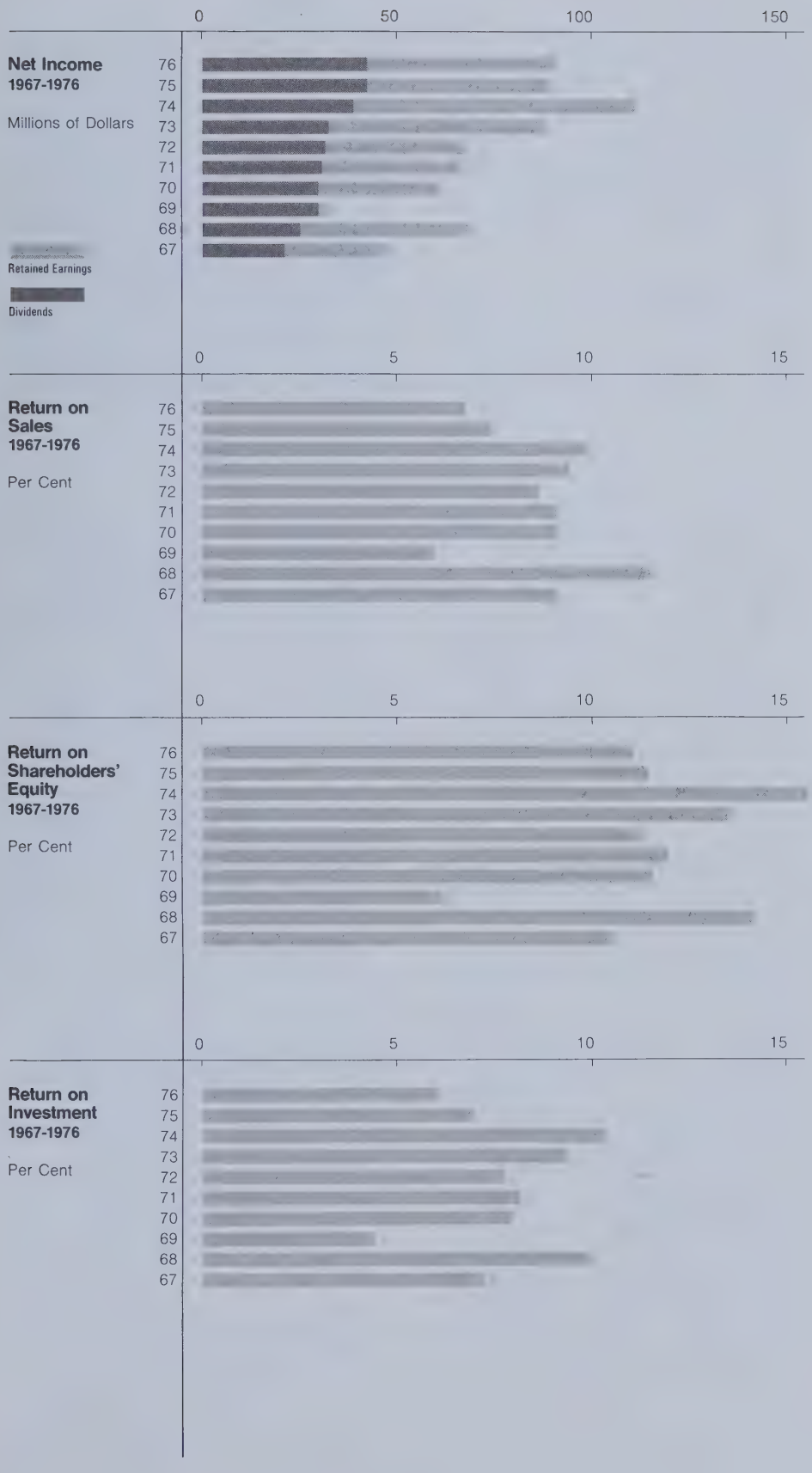
The financial data presented in this report are based on historical cost accounting methods and do not reflect the effects of inflation. More appropriate methods of reporting financial results are being widely studied and the Company is participating in this effort. As yet, however, the accounting profession and the business community have not reached a consensus on acceptable methods. In view of this, the Company has decided not to provide supplementary inflation-adjusted financial data at this time.

J. D. Allan

Sales and Production

Sales of all products amounted to $1,359.8 million compared with $1,201.8 million in 1975. The $158 million increase resulted largely from the higher level of shipments although selling price adjustments were a contributing factor.

The increase in shipments and the provision for a planned build-up in steel inventories brought raw steel production to a record level of 5.7 million tons, up from 5.4 million tons in 1975. Production could have been higher but because of the weak market conditions start-up of "B" blast furnace at Hilton Works was delayed for several weeks following a scheduled reline.



Net income

Consolidated net income for the year at $90.6 million ($3.67 per share) was up from the $88.8 million ($3.60 per share) earned in 1975 but still substantially below the record $4.50 per share earned in 1974. The ratios of net income to net sales, to average total investment and to average shareholders' equity were 6.7%, 6.0% and 11.0% respectively compared with 7.4%, 6.9% and 11.4% a year earlier.

Although the rate of cost increases moderated somewhat in 1976, unit production costs continued to rise due to advances in employment and other costs including particularly sharp increases in the prices of natural gas, electrical power and oxygen. The Company raised prices on most products during the year but because of the prevailing market conditions did not achieve full recovery of the cost increases. All price increases were well within the Anti-Inflation Board guidelines.

The inability to recover cost increases, the less profitable mix of shipments and the increase in interest on long-term debt from $24.2 million in 1975 to $46.8 million produced a decline in pre-tax income. This decline, however, was offset by a decrease in the provision for income taxes from $30.2 million in 1975 to $3.7 million in 1976. The reduction in income taxes resulted from a change in mining incentives and higher investment tax credits derived from capital expenditures in Canada and the U.S.A. (See Note 2 to the Financial Statements on page 16).

Dividends

On Class A shares, the quarterly dividend rate of 40 cents a share was maintained throughout 1976 and, as in 1975, an extra distribution of 10 cents a share was declared in December. Thus, total dividends declared on Class A shares remained at the 1975 level of $1.70 per share. On Class B shares, as in 1975, four quarterly dividends of 34 cents a share were declared and an extra distribution of 8.5 cents was declared in December. (See Notes 11 and 12 to the Financial Statements on page 17).

"Over the next few years, the Finance Division will be busy making sure that sufficient funds are available to finance our expansion plans", states W.C. Chick, Vice-President, Finance, seen here with N.J. Brown (right) who relinquished the position of Vice-President, Finance in December, 1976. Mr. Chick, a 30-year Stelco veteran, now directs all the financial and accounting affairs of the Company.

Financial position

Financing

The Company received in January, 1976 the balance of US $46.5 million from the US $125 million of 10¾% Sinking Fund Notes arranged privately in December, 1975. In April, the Company sold for public issue $100 million of 10¼% Sinking Fund Debentures, 1976 Series due April 30, 1996 at $99.25. The proceeds, together with funds generated from operations, will be used to finance approved capital expenditures and to increase working capital.

Capital investment

Investment in manufacturing plant and mining properties was $166.9 million in 1976, down from the peak level of $230.5 million in 1975. Of this total, about 80% was spent on construction of the steel plant near Nanticoke, Ontario. Investments in the Hibbing Taconite Project, opening of a new section of the Chisholm Mine and a number of pollution control projects accounted for much of the remainder.

Capital expenditures approved during the year amounted to $176.4 million, including $116.4 million for certain installations previously approved in principle for the Lake Erie Development. At year end, the total amount to be spent on all approved capital projects was estimated to be $1,000 million. (See Note 7 to the Financial Statements on page 17).

Intercorporate investments

Total investments in corporate joint ventures and partnerships increased $7.4 million in 1976 to $52.0 million. Participation in the Eveleth Expansion Project accounted for most of the increase.

Working capital position

The Company's working capital position was strengthened during the year. Inflow of funds from operations and long-term debt issues exceeded outflow of funds for capital expenditures, dividends and other uses by $81.7 million and working capital rose to $461.8 million at December 31st. Reflecting the higher sales level, accounts receivable increased from $151.7 million at December 31, 1975, to $164.0 million. Inventory value rose to $408.1 million from $378.3 million as a result of inflation in manufacturing costs and a planned build-up in semi-finished steel inventory. Accounts payable increased slightly from $178.4 million to $179.4 million in 1976; the effect of reduced capital spending generally offsetting the effect of inflation on the prices of most materials and services.

At $104.4 million, the value of cash and short-term investments was essentially the same as at the end of 1975. Short-term notes outstanding at December 31, 1975 amounting to $40.0 million were paid off during the year.

The ratio of current assets to current liabilities at the end of 1976 was 3.1 to 1, up from 2.5 to 1 at the end of 1975.

Shareholders

The number of shareholders at December 31, 1976 was 36,501 compared with 37,864 at the end of 1975. Canadian residents held approximately 97% of the shares outstanding.

Operations

Hilton Works

A number of events in 1976 demonstrated the success of the continuing efforts to improve efficiency and productivity at this works.

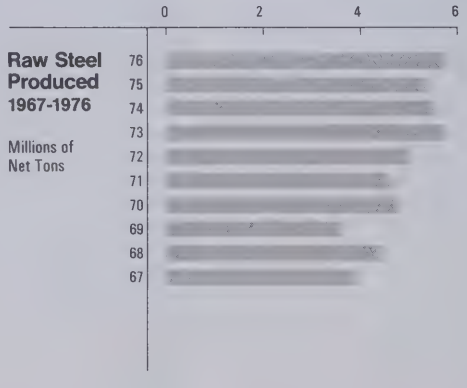
□ Crews on the four-stand cold mill established new world records for production of cold-rolled sheet on three separate occasions.

□ Output at the basic oxygen furnace shop was the highest since its start-up in 1972.

□ A substantial improvement in productivity was achieved at the recently modified #2 rod mill.

□ Preliminary results on the cold-scarfing equipment for removing surface imperfections from slabs, installed in #2 conditioning department in November, indicate that both productivity and working conditions will be improved.

During the year, projects were approved to upgrade the automatic gauge control system at the hot strip mill and to expand batch annealing capacity. Methods which may permit further improvement in blast furnace efficiency and means to extend the life of refractory linings in basic oxygen furnaces are being investigated.



Vice-President, Operations since 1970, G.H.G. Layt calls on 30 years' experience with the Company in directing the operation of the Company's plants and mines and overseeing the Company's environmental control program. "With the shift in spending priorities to the Lake Erie Development project, we are concentrating on fine tuning our equipment and practices at all plants to maximize efficiency and man and machine productivity", says Layt.

Fabricating works

Depressed demand resulted in low activity levels in some fabricating plants, while others were kept very busy supplying a revitalized automotive market. In recent years, equipment has been installed at the forging and bolt-making plants to expand the Company's ability to supply the automotive industry. For example, installation of the forging press at Gananoque Works, which incorporates advanced design features, has enabled the Company to double its participation in the market for certain forged products.

Early in 1976, the rod processing plant at Burlington Works began operation and reached planned production rates by year end. At this facility, steel rods are cleaned and heat treated then sent to supply the recently expanded batteries of high-speed bolt-makers at Swansea and Brantford Works.

Additional equipment is being installed at the Stelform mill at Welland Tube Works so that the very demanding specifications required for the proposed northern pipelines can be met. These additions will help ensure that Stelco retains its leading position as a producer of Arctic-grade pipe.

Raw materials

Coal

Adequate supplies of coal were available during 1976 despite numerous unauthorized strikes throughout the U.S. coal industry. Work stoppages at Company-owned mines were largely the result of interference from outside pickets.

Productivity in many of the underground coal mines in the U.S. continued to decline. This trend, and the desirability of reducing the Company's dependency on foreign sources of metallurgical coal, were factors in the decision to acquire a 25% interest in the Elk River coal property in British Columbia. Tests show that the very large coal reserves at the Elk River property are compatible with existing coal supplies for coking purposes. A feasibility study is underway and the decision to proceed with development of the property will be based on its results.

At the Chisholm Mine, output did not reach anticipated levels. Increased downtime for maintenance of equipment, difficult mining conditions and a delay in start-up of a new section all contributed to the shortfall. In contrast, there was an improvement at the Madison Mine. Increased output resulted, in part, from a new track system which reduced the travelling time of men and supplies to the coal faces. At the Beckley Mine, despite the continuation of difficult mining conditions, production increased with the growing experience of the work force and the opening of more working sections. Labour turnover at all three mines was lower in 1976 than in 1975.

Iron ore

Stelco's share of the output of the iron ore mines in which it has interests together with ore acquired under long-term contracts exceeded requirements in 1976 and the surplus was sold. The Griffith Mine and the Erie Mining Company operated at capacity throughout the year. Wabush Mines recovered quickly from the 1975 strike and satisfactory operations were maintained throughout 1976. Reduced labour turnover has improved the efficiency of the work force at Wabush and improved maintenance procedures and operating practices are having a positive effect on output. For most of the year, production at the Tilden Mine was in excess of its design capacity rate of 4 million tons per year. Technical difficulties which were experienced at Tilden in 1975 were resolved and in June the owners approved an expansion program that will double capacity by late 1979. Both the Hibbing Taconite Project and the Eveleth Expansion Project were completed in 1976. Operations at both mines are expected to approach capacity production rates by the end of 1977. Reserves of iron ore at The Hilton Mines are almost exhausted and the mine will probably cease operations in mid-1977.

Direct reduction kiln

The direct reduction kiln at The Griffith Mine produced iron pellets at rates which, periodically, approached design capacity. These pellets were used, in combination with scrap, to make steel in the electric-arc steelmaking furnaces at McMaster Works and Edmonton Steel Works. The kiln was shut down in August to incorporate changes so that output could be maintained on a consistent basis. The unit will be in operating condition early in 1977. Scrap availability and cost will determine the level of output in 1977.

Energy conservation

The Ferrous Industry Energy Research Association (FERA), of which Stelco is a founding member, is a group formed to deal with energy related matters in the Canadian steel industry. Member companies represent approximately 85% of Canadian steelmaking capacity. One of FERA's goals is the reduction of the energy consumed per ton of steel produced. During 1976, FERA advised the Federal government of its plans to achieve specific reduction objectives by 1980. Although Stelco already compares very favourably in energy consumption with other North American and world steel producers, the Company has initiated measures that will achieve, and possibly exceed, the specified objectives.

Marketing

Unbalanced domestic markets and unpredictable overseas conditions resulted in a year of contrasts and challenges. While consumer industries in Canada, particularly automotive, showed considerable strength, the construction industry operated at extremely low levels. Overseas, steel consumption in Europe and the Far East levelled off and steel supply exceeded demand. This excess steel supply, in combination with sharp declines in the exchange rates of some European currencies, produced extremely keen competition in international markets.

In the short-term, the Company's goal has been to regain that portion of domestic market share lost during the steel shortage of 1973-1974 and the labour negotiations of 1975. Continuing progress was made toward this goal in 1976. High domestic sales levels were achieved in several major product groups, in particular sheets, bars and fasteners. The Company was also able to maintain a satisfactory level of sales in its established overseas markets for wire rods and tin plate and to take advantage of spot opportunities to export sheet and fasteners as well as substantial tonnages of semi-finished steel products. In 1976, total shipments, both domestic and export, increased to 4.0 million tons from 3.7 million tons in 1975.

Steel requirements are continually changing. While such changes create problems, they also present opportunities for those who foresee them and are prepared to adapt to changing demands. By working in close cooperation with customers, the Company's Marketing Division obtains the information necessary to develop the positive and innovative marketing plans needed to ensure the Company's continued success. The following are examples of this cooperation:

□ There is a transition taking place in the automotive industry to lighter weight vehicles. A task force has been established to examine the implications of such a transition.

"By working closely with our customers, we can anticipate their changing needs for steel and plan accordingly so as to retain our position with them and help them grow", asserts A.R. McMurrich, Vice-President, Marketing, a Stelco employee for 37 years.

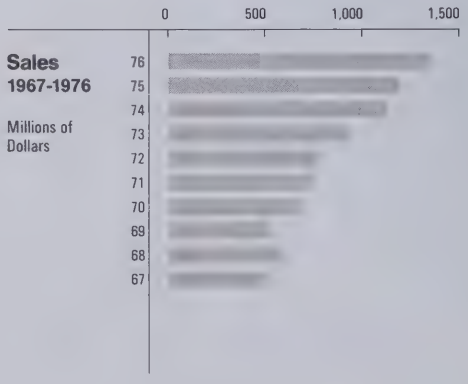
J.W. Younger, Q.C., Vice-President, Secretary and General Counsel, who has 18 years' service with the Company, characterizes the role of the law department as "meeting the expanding need for legal advice in the face of growing government intervention in the economy and the resultant increasing complexity of business transactions".

□ New energy extraction plants and pipelines will figure prominently in the solutions to the world's energy problems. Stelco's marketing personnel are working very closely with the potential developers of such projects.

□ Changes, in both structural design and use of materials, continue to take place in the construction industry. Again, the Company is directly involved with those in the industry who influence such changes.

Metric conversion

The transition to the metric system is underway at Stelco. Fasteners and galvanized and cold-rolled sheets are already being produced to metric specifications. Many organizations and individuals, including contractors, architects, engineers and government building departments are contacting the Company with increasing frequency to request metric information on our products. As a result of the Company's leading role in planning for metric conversion by Canadian industry, Stelco is ready to supply these requirements.



Stelco's personnel functions are directed by R.E. Heneault, Vice-President, Administration, who is also responsible for public relations and for coordinating the operations of the Eastern and Western Regions. "Our basic objective is to provide a climate within the Company that allows employees to reach their full potential", says Heneault, who has 22 years' service with Stelco.

Employees

During 1976, three-year collective agreements were concluded at Camrose Works and with the brickmasons at Hilton Works. Agreements were also negotiated at Chemical Lime Works and Saskatchewan Steel Fabricators for one and two years respectively. However, the wage settlements reached at Saskatchewan Steel Fabricators and Camrose Works and those reached in 1975 at Edmonton Steel Works, Page-Hersey Works and Welland Tube Works were rolled back by the Anti-Inflation Board and reviews of these cases are now underway.

Most of the Company's employees reported for work on October 14, the day of protest organized by the Canadian Labour Congress against wage and price controls. Operations were affected to some degree by the unjustified absence of those members of the hourly work force who did not report. Normal schedules were resumed the following day without incident. Where existing collective agreements were deemed to have been violated appropriate action has been taken.

Health and safety

The provision of a healthy and safe working environment for employees is a matter of continuing concern to the Company and extensive resources are being devoted to this end.

Work continued during the year on the Company-wide program of assessing exposure of workers to potentially harmful working conditions. Considerable research is being conducted throughout the steel industry and the development of more accurate measuring techniques is permitting a better assessment of the problems and, thus, the design of more effective solutions. As part of this effort, the Company granted $100,000 to the McMaster University Faculty of Health Sciences to finance a study into the safety and health of employees.

As a result of initiatives taken by the Company, a joint Company-Union seminar on occupational health and accident prevention was held in Hamilton in September. The seminar drew praise from the Minister of Labour for Ontario who complimented both Stelco and the United Steelworkers for taking occupational health and safety out of the contract bargaining process and making it an "ongoing program of discussion and cooperative action".

Community affairs

Stelco employees in the Hamilton area became the first group of any company in Canada to contribute more than half a million dollars to a United Way campaign. About 240 Stelco employees were actively employed in the campaign as administrators and canvassers.

Employment Costs Dollars in thousands	1976
Wages and Salaries	
For time worked	$349,932
For vacations and statutory holidays	29,402
	$379,334
Supplementary Employment Costs	
Pensions	$ 42,621
Group insurance plans and other benefits	24,794
Unemployment insurance and workmen's compensation	12,210
	$ 79,625
Total Employment Costs	$458,959
Average Number of Employees	22,691
Employee Benefits	
Number of pensioners at year end	3,976
Pensions paid during the year	$ 14,002
Life insurance in force at year end	$489,328
Death benefits paid during the year	$ 2,364

Lake Erie Development

1976 was a year of rapid and visible change at the site. The enormous tasks of site clearance, excavation and foundation work that occupied much of 1975 gave way to steel erection, bricklaying and the installation of various services. Throughout 1976, an average of just over 800 construction workers were employed.

Project status at year end:

□ **Dock:** Construction of the 4,000-foot receiving dock was virtually complete. Both the outer wharf and inner bridge sections had been finished and the rock-filled centre causeway section had been brought up to grade. The temporary causeway and breakwater, installed to facilitate construction, had been removed.

□ **Raw materials handling:** Work was continuing on the foundations for the raw materials handling conveyor and on the erection of the stacker crane.

□ **Ironmaking:** There had been considerable progress in erection of structural steel for the cast house and the furnace shell had risen to a height of about 105 feet. The plate work on the three blast furnace stoves had been completed and installation of refractory brickwork was one-third complete. Work was proceeding on the central boiler station and the stock house.

□ **Steelmaking:** The basic oxygen furnace shop and slab caster building was rapidly taking shape. Structural steel was being erected and some siding had been installed. On-site fabrication of the first of the two basic oxygen furnace vessels had begun.

□ **Other buildings:** The hot strip mill building and the mobile equipment centre had been completed and the maintenance complex had been enclosed with siding.

Industrial park

The Company is also developing an industrial park adjacent to the steel plant at Lake Erie. Engineering plans for the 462-acre first phase of the project have been completed. Difficulties have been encountered in obtaining the necessary sub-division approvals, but negotiations with the municipalities involved are continuing. When these are obtained, the Company will proceed with servicing of the park. To date, 20 lots comprising about 100 acres are being held for potential customers who have taken options or expressed serious intent to purchase.

"Bringing in the Lake Erie Development project under the estimated capital costs is the major task facing the Engineering and Procurement Departments over the next few years", states A.J. Harris, Vice-President, Engineering and Procurement, a 35-year Stelco employee.

Research

Stelco's research activities play a vital role in maintaining the Company's leading position in the Canadian steel industry. Although the research staff of scientists, engineers and technicians coordinate Stelco's research efforts, many others within the Company are also active in the application of scientific and engineering principles to the technical needs of the Company. In 1976, this teamwork paid significant returns.

□ "Vinytop", a plastic coated steel strip product was introduced as an addition to the Stelcolour line of prefinished steels. "Vinytop" has several outstanding properties, including excellent corrosion resistance. It is anticipated that this product will gain ready acceptance in construction applications where severely corrosive atmospheres are encountered, such as in processing plants.

□ Extensive research into the metallurgical properties and welding characteristics of Arctic-grade large diameter pipe has resulted in the development of an improved process for producing such pipe to the exacting standards necessary for Arctic service.

□ Research was also completed on several projects aimed at improving productivity. These include development of methods for speeding up the relining of electric-arc steelmaking furnaces, doubling of the drawing speed for certain grades of spring wire, increasing the production rate of plastic-coated fence wire and improving the quality and yield of zinc coated nails.

Shown here at the modern Research Centre located in Burlington, Ontario is A.D. Fisher, Vice-President, Corporate Planning and Research, who states that major emphasis will be given to "long-term strategic planning of facilities in order to ensure the Company's continued growth and profitability". Fisher joined Stelco 39 years ago.

Environment

The Company's commitment to protection of the environment was again reflected in major expenditures for this purpose in 1976. Spending and commitments in this area since 1960 now amount to $218 million. In addition, the cost of operating environmental control facilities has become a significant cost element, amounting to approximately $7.6 million in 1976.

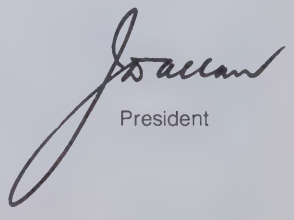
At the Hilton Works coke ovens, progress continued on the program of personal health protection and emission reduction. A third coal charging car equipped with devices for controlling emissions during coal charging operations was completed. A giant hood, installed on #6 and #7 coke oven batteries for capturing the emissions created when coke is pushed, also came into use.

Another area that receives constant attention is the improvement of water quality. The 60 million gallon per day waste water filtration plant at Hilton Works, completed in 1975, is operating well and additional water treatment facilities came into use at Canada Works and Edmonton Steel Works in 1976. Operating trials on a unique water recirculation system on "E" blast furnace at Hilton Works, designed to reduce the load on existing water treatment facilities, proved successful and a similar system is being designed for the remaining furnaces.

At the Lake Erie Development site, work has been completed on the first stage buffer earth mounding and on three scenic ponds for storm run-off water, designed to integrate the new plant with its greenfield surroundings. About 75,000 trees and shrubs have been planted along the southern perimeter of the property.

Extensive engineering and biological studies were carried out at the Lake Erie Development site to measure the environmental impact of construction of the new dock. The effect of underwater blasting and other construction activities on the marine environment was evaluated in some detail and enabled the Company to minimize any detrimental effects of dock construction.

The Company will continue to prepare for the growth opportunities of the future despite the slowing of economic activity within Canada and the hesitancy encountered recently in the growth of steel consumption on an international scale. We will continue efforts to ensure that every aspect of the Company's operation is competitive and cost effective and that the progress toward the goal of increasing the Company's share of profitable domestic and export business is maintained.



President

Consolidated Statement of Income and Retained Earnings

stelco

	Year 1976 (in thousands)	Year 1975 (in thousands)
Revenue		
Sales	**$1,359,755**	$1,201,756
Equity in net income of corporate joint ventures and partnerships	**8,109**	5,105
Income from short-term investments	**9,565**	8,643
	1,377,429	1,215,504
Expense		
Cost of sales, exclusive of the following items	**1,180,306**	1,017,954
Depreciation	**54,868**	51,381
Interest on long-term debt	**46,786**	24,166
Other interest	**1,129**	3,073
Income taxes (Note 2) — current	**(6,992)**	9,180
— deferred	**10,727**	20,976
	1,286,824	1,126,730
Net Income for the Year (per share: 1976 — $3.67, 1975 — $3.60)	**90,605**	88,774
Retained Earnings at beginning of year	**659,769**	612,955
	750,374	701,729
Dividends (Notes 11 and 12) (per share: 1976 — $1.70, 1975 — $1.70)	**41,991**	41,960
Retained Earnings at end of year	**$ 708,383**	$ 659,769

Consolidated Statement of Financial Position

	December 31 1976 (in thousands)	December 31 1975 (in thousands)
Current Assets		
Cash	**$ 14,964**	$ 11,932
Short-term investments, at cost (approximates market value)	**89,386**	92,710
Accounts receivable	**163,992**	151,653
Inventories (Note 3)	**408,145**	378,295
Prepaid expenses	**3,505**	3,806
	679,992	638,396
Current Liabilities		
Short-term notes	**—**	40,039
Accounts payable and accrued	**179,425**	178,429
Income and other taxes	**24,476**	25,542
Dividends payable	**12,241**	12,275
Long-term debt due within one year	**2,080**	2,030
	218,222	258,315
Working Capital	**461,770**	380,081
Other Assets		
Long-term intercorporate investments (Note 4)	**51,990**	44,601
Fixed assets, less accumulated depreciation (Note 5)	**1,102,040**	990,526
Unamortized long-term debt issue expense	**6,821**	4,738
	1,160,851	1,039,865
Total Investment	**1,622,621**	1,419,946
Other Liabilities		
Long-term debt (Note 6)	**504,357**	361,077
Deferred income taxes	**269,550**	258,823
	773,907	619,900
Shareholders' Equity	**$ 848,714**	$ 800,046
Derived from:		
Capital Stock — no par value (Notes 10 and 11)		
Authorized — 35,000,000 Class A Convertible Shares		
— 35,000,000 Class B Convertible Shares		
Issued — 24,702,555 shares (1975 — 24,699,799 shares)	**$ 140,331**	$ 140,277
Retained Earnings	**708,383**	659,769
	$ 848,714	$ 800,046

On behalf of the Board:

Director

Director

Consolidated Statement of Changes in Financial Position

stelco

	Year 1976 (in thousands)	Year 1975 (in thousands)
Source of Working Capital		
Current operations	**$154,433**	$159,153
Issue of capital stock (Note 10)	**54**	1,182
Net proceeds from issue of long-term debt	**144,170**	196,697
Other (net)	**855**	877
	299,512	357,909
Disposition of Working Capital		
Expenditures for fixed assets	**166,878**	230,501
Long-term intercorporate investments (net)	**5,622**	2,261
Reduction of long-term debt	**3,332**	4,173
Dividends (Notes 11 and 12)	**41,991**	41,960
	217,823	278,895
Increase in Working Capital	**81,689**	79,014
Working capital at beginning of year	**380,081**	301,067
Working Capital at end of year	**$461,770**	$380,081

Auditors' Report

Thorne
Riddell
& Co.
CHARTERED ACCOUNTANTS

To The Shareholders
The Steel Company of Canada, Limited

We have examined the consolidated statement of financial position of The Steel Company of Canada, Limited at December 31, 1976 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 24, 1977

Thorne Riddell & Co.

Notes to Consolidated Financial Statements

December 31, 1976

1. Summary of Significant Accounting Policies

Principles of Consolidation The consolidated financial statements include the accounts of The Steel Company of Canada, Limited and its subsidiaries, all of which are wholly owned. The Company's interests in The Hilton Mines, Wabush Mines, and Hibbing Taconite Company, three unincorporated joint ventures, are also included in the consolidation. Corporate joint ventures and partnerships, in all of which the Company has an interest of 50% or less, are accounted for by the equity method.

Foreign Currencies Current assets and liabilities originating in foreign currencies are translated at year-end exchange rates. All other assets and liabilities originating in foreign currencies are translated at rates prevailing when the assets were acquired or the liabilities incurred. Income and expense items are translated at average rates prevailing during the year. The gains or losses resulting from these translations are reflected in the statement of income.

Inventories Inventories are valued at the lowest of cost, replacement cost and net realizable value.

Fixed Assets Fixed assets are carried at cost. Depreciation is provided using the straight-line method at rates based on the estimated useful lives of depreciable assets.

Interest The interest cost of financing both working capital and capital expenditures, including the steel plant under construction at Lake Erie, is being expensed as incurred.

Income Taxes Income taxes are provided on the tax allocation basis and the resultant deferred income taxes are due principally to claiming depreciation for tax purposes in excess of straight-line depreciation. Investment tax credits are recorded in the year of the related capital expenditures by a reduction of income taxes expense.

2. Income Taxes

Income taxes expense has been reduced by investment tax credits of $13.3 million ($6.2 million in 1975).

3. Inventories

	1976 (in thousands)	1975 (in thousands)
Raw materials and supplies	**$ 183,961**	$ 185,068
Finished and semi-finished products	**224,184**	193,227
	$ 408,145	$ 378,295

4. Long-term Intercorporate Investments

Corporate joint ventures and partnerships, at equity	**$ 42,160**	$ 34,739
Portfolio investments, at cost (quoted market value: 1976 $4.6 million, 1975 $5.1 million)	**9,830**	9,862
	$ 51,990	$ 44,601

5. Fixed Assets

Raw material plants and properties, at cost	**$ 251,828**	$ 239,438
Manufacturing plants and properties, at cost	**1,609,105**	1,461,706
	1,860,933	1,701,144
Less accumulated depreciation	**758,893**	710,618
	$1,102,040	$ 990,526

6. Long-term Debt

5⅞% sinking fund debentures due May 1, 1990 (Annual sinking fund requirement $1.3 million)	**$ 39,976**	$ 41,329
9¼% sinking fund debentures due November 1, 1990 (Annual sinking fund requirement $1.5 million — 1977 through 1983; $2.0 million — 1984 through 1989)	**56,401**	56,984
10⅞% sinking fund debentures due September 15, 1994 (Annual sinking fund requirement $2.6 million — 1980 through 1993)	**65,000**	65,000
9¾% sinking fund debentures due April 1, 1995 (Annual sinking fund requirement $4.0 million — 1981 through 1994)	**100,000**	100,000
10% notes due October 15, 1987 (Annual repayment US $1.3 million — 1977 through 1983; US $2.3 million — 1984 through 1987)	**18,888**	20,234
10¾% sinking fund notes due November 20, 1995 (Annual sinking fund requirement US $8.3 million — 1981 through 1994)	**126,172**	79,560
10¼% sinking fund debentures due April 30, 1996 (Annual sinking fund requirement $4.0 million — 1982 through 1995)	**100,000**	—
	506,437	363,107
Less amount due within one year	**2,080**	2,030
	$ 504,357	$ 361,077

7. Capital Programs

The estimated cost to complete approved capital programs, including the first stage of the new steel plant at Lake Erie, is $1,000 million, which will be spent over a period of approximately 7 years. This includes an estimated amount of $360 million to cover inflation in construction costs and other contingencies.

8. Commitments

The Company, as a participant in certain mining joint ventures and partnerships, is entitled to receive its proportionate share of coal and iron ore produced and is committed to pay its share of their costs including minimum charges for principal and interest to cover the servicing of their long-term debt. The Company's share of such minimum charges averages $11 million annually to 1996.

9. Retirement Plans

Pension costs charged against income in the year under the Company's pension plans include payments made to trust funds for current and past service requirements as determined by an independent actuary. Unfunded past service costs in respect of pensions ultimately payable to the present employees are estimated to be $224 million at December 31, 1976. This amount is being funded over periods not exceeding 15 years.

10. Stock Options

In accordance with a Stock Option Policy adopted in 1965, 125,344 shares are reserved for stock options. At December 31, 1976, options were outstanding to officers in respect of 10,544 shares at a price of $18.75 per share, the options expiring in February 1978. As a result of the exercise of options during the year, 256 Class A and 2,500 Class B shares were issued for cash aggregating $54,175.

11. Capital Stock and Dividends

The issued capital of the Company consisted of the following:

	December 31, 1976	December 31, 1975
Class A Convertible	**23,238,543 shares**	23,698,564 shares
Class B Convertible	**1,464,012 shares**	1,001,235 shares
	24,702,555 shares	24,699,799 shares

The shares of each class are voting, convertible into one another on a share-for-share basis and rank equally in all respects; the maximum total number of shares outstanding at any time is limited to 35,000,000. The only distinction between the two classes of shares is that dividends on the Class A Convertible Shares are ordinary taxable dividends for purposes of the Income Tax Act while dividends on the Class B Convertible Shares may be paid out of the Company's tax-paid undistributed surplus on hand or 1971 capital surplus on hand as defined in the Income Tax Act.

Dividends per share declared on Class B Convertible Shares are equivalent to those declared on Class A Convertible Shares, after adjustment for the special 15% tax payable by the Company to create tax-paid undistributed surplus on hand out of which dividends on the Class B Convertible Shares are paid.

Dividends including extra distributions declared and related tax consisted of the following:

	Year ended December 31, 1976 (in thousands)	Year ended December 31, 1975 (in thousands)
Class A Convertible	**$39,624**	$40,324
Class B Convertible	**2,012**	1,391
Related tax	**355**	245
Total	**$41,991**	$41,960

12. Anti-Inflation Act

The Company is subject to the anti-inflation legislation which became effective on October 14, 1975 and is limited to $1.728 per share in the amount of dividends it may pay between October 14, 1976 and October 13, 1977.

13. Remuneration of Directors and Officers (Section 122.2 of the Canada Corporations Act)

The aggregate remuneration for 1976 of the Company's fifteen directors as directors was $73,395. The aggregate remuneration of the Company's thirty-one officers and past officers as such was $2,387,836. Two officers and one past officer are directors of the Company.

Ten Year Statistical Summary

Dollars in millions except as indicated*

	1976	1975	1974	1973	1972	1971	1970	1969[1]	1968	1967
Operations (thousands of net tons)										
Raw steel produced	**5,724**	5,396	5,542	5,723	5,031	4,673	4,801	3,670	4,485	3,966
Total raw steel processed (including purchases)	**5,669**	5,263	5,837	6,035	5,362	5,214	4,955	4,076	4,591	4,087
Income and Related Data										
Sales	**$1,359.8**	1,201.8	1,133.2	937.7	775.9	730.2	663.2	528.0	589.6	512.4
Depreciation	**$ 54.9**	51.4	52.1	46.7	39.7	37.1	37.5	33.4	37.1	33.1
Income taxes	**$ 3.7**	30.2	57.8	56.6	22.9	43.8	40.8	24.9	37.5	24.4
Net income	**$ 90.6**	88.8	110.9	87.7	67.1	66.6	60.2	31.1	68.0	46.7
Per share*	**$3.67**	3.60	4.50	3.56	2.73	2.74	2.47	1.28	2.79	1.94
Return on sales	**6.7%**	7.4	9.8	9.4	8.6	9.1	9.1	5.9	11.5	9.1
Return on average investment	**6.0%**	6.9	10.3	9.3	7.7	8.1	7.9	4.4	9.9	7.2
Return on average shareholders' equity	**11.0%**	11.4	15.5	13.5	11.2	11.9	11.5	6.1	14.1	10.5
Dividends (including extra distributions)	**$ 42.0**	42.0	38.2	32.0	30.8	30.4	29.2	29.2	24.3	20.5
Per share*	**$1.70**	1.70	1.55	1.30	1.25	1.25	1.20	1.20	1.00	.85
Earnings reinvested in the business	**$ 48.6**	46.8	72.7	55.7	36.3	36.2	31.0	1.9	43.6	26.2
Capital Expenditures	**$ 172.5**	232.8	135.5	116.5	95.0	95.1	89.5	33.3	33.5	89.2
Financial Position, year end										
Working capital	**$ 461.8**	380.1	301.1	218.5	199.5	203.7	218.0	176.5	175.8	123.9
Fixed assets — net	**$1,102.0**	990.5	812.1	734.1	671.8	621.3	564.5	514.5	515.3	519.8
Long-term debt	**$ 504.4**	361.1	165.5	103.8	105.0	107.8	110.2	54.2	57.5	59.5
Shareholders' equity	**$ 848.7**	800.0	752.1	679.0	622.9	579.9	543.5	507.8	505.8	458.9
Per share*	**$34.36**	32.39	30.50	27.56	25.30	23.82	22.33	20.87	20.79	19.01
Employment										
Average number of employees	**22,691**	23,192	23,251	22,580	21,582	21,351	21,497	21,792	21,584	20,556
Total employment costs	**$ 459.0**	401.9	350.6	308.2	264.5	234.5	221.2	176.2	186.9	169.2
Employees' average weekly earnings*	**$320.90**	280.85	249.15	224.63	204.46	186.35	173.46	156.38	146.52	138.65
Number of Shareholders, year end	**36,501**	37,864	39,086	39,331	40,036	45,829	49,985	51,730	52,520	53,340

[1] 1969 operations interrupted by strike — 80 days.

Directors

* J.D. Allan, Toronto
President of the Company

* Alistair M. Campbell, Montreal
Chairman,
Sun Life Assurance Company of Canada

A. Jean de Grandpré, Q.C., Montreal
Chairman of the Board and
Chief Executive Officer, Bell Canada

* J. Douglas Gibson, O.B.E., Toronto
Chairman of the Board,
The Consumers' Gas Company

* J. Peter Gordon, Toronto
Chairman of the Board and
Chief Executive Officer of the Company

* H.M. Griffith, Toronto
Chairman of the Executive Committee of the Board of the Company

* A.J. MacIntosh, Q.C., Toronto
Partner, Messrs. Blake, Cassels & Graydon, Barristers & Solicitors

Senator The Hon. Ernest C. Manning, P.C., C.C., Edmonton
President, M & M Systems Research Ltd.

Frederick C. Mannix, Calgary
Corporate Director

William F. McLean, Toronto
President, Canada Packers Limited

* D.R. McMaster, Q.C., Montreal
Partner, Messrs. McMaster, Minnion, Patch, Hyndman, Legge, Camp & Paterson, Barristers & Solicitors

Lucien G. Rolland, Montreal
President and General Manager,
Rolland Paper Company, Limited

Henry G. Thode, C.C., Ph.D., F.R.S., Hamilton
Professor of Chemistry, McMaster University

Kenneth A. White, C.D., Montreal
President and Chief Executive Officer,
The Royal Trust Company

William H. Young, Hamilton
President, The Hamilton Group Limited

* Member of the Executive Committee

Executive Officers

J.P. Gordon
Chairman of the Board and
Chief Executive Officer

J.D. Allan
President

N.J. Brown
Vice-President
Retired December 31, 1976

W.C. Chick
Vice-President, Finance

A.D. Fisher
Vice-President, Corporate Planning and Research

A.J. Harris
Vice-President, Engineering and Procurement

R.E. Heneault
Vice-President, Administration

G.H.G. Layt
Vice-President, Operations

A.R. McMurrich
Vice-President, Marketing

J.W. Younger, Q.C.
Vice-President, Secretary and General Counsel

Vice-Presidents and Other Officers

G.W.R. Bowlby
Vice-President — Market Development

W.A. Darby
Assistant Comptroller — Corporate Accounting

L.H. Doering
Vice-President

J.E. Hood
Vice-President — Manufacturing

L.M. Killaly
Assistant Secretary

B.M. Kinnear
Treasurer

R.H. Macdonald
Vice-President — Product Sales

S.W. McDermott
Vice-President — Manufacturing

A.R. Oliver
Vice-President — Procurement

V.O. Phillips
Assistant Comptroller — Works Accounting

H.J.M. Watson
Comptroller — Accounting

F.H. Weir
Comptroller — Financial Planning

Corporate Directory

Head Office

P.O. Box 205, Toronto-Dominion Centre,
Toronto, Ontario, M5K 1J4.

General Offices

Hamilton, Ontario
Montreal, Quebec — Eastern Region
Edmonton, Alberta — Western Region

Sales Offices

Hamilton, Ontario
Montreal, Quebec
Calgary, Alberta
Edmonton, Alberta
Quebec, Quebec
Regina, Saskatchewan
Saint John, New Brunswick
St. John's, Newfoundland
Toronto, Ontario
Vancouver, British Columbia
Windsor, Ontario
Winnipeg, Manitoba

Plants

Hamilton, Ontario
Hilton Works
Canada Works
Canadian Drawn Works
Frost Works
Parkdale Works

Beachville, Ontario
Chemical Lime Works

Brantford, Ontario
Brantford Works

Burlington, Ontario
Burlington Works

Gananoque, Ontario
Gananoque Works

Nanticoke, Ontario
Lake Erie Development (under construction)

Red Lake, Ontario
The Griffith Mine

Toronto, Ontario
Swansea Works

Welland, Ontario
Page-Hersey Works
Welland Tube Works

Contrecoeur, Quebec
McMaster Works

Lachine, Quebec
Dominion Works

Montreal, Quebec
Notre Dame Works
St. Henry Works

Camrose, Alberta
Camrose Works

Edmonton, Alberta
Stelco Edmonton, Steel Works
Stelco Edmonton, Finishing Works

Regina, Saskatchewan
Saskatchewan Steel Fabricators Ltd.

Research Centre

Burlington, Ontario

Subsidiary Companies, wholly owned

Saskatchewan Steel Fabricators Ltd., Regina, Sask.
Frost Steel and Wire Company, Limited, Hamilton, Ont.
Frost Steel and Wire Company, Quebec, Limited, Montreal, Que.
Stelco Technical Services, Limited, Hamilton, Ont.
Stelco Coal Company, Pittsburgh, Pa.
Pikeville Coal Co., Louisville, Ky. (Chisholm Mine)
Kanawha Coal Company, Ashford, W. Va. (Madison Mine)
Ontario Eveleth Company, Minneapolis, Minn.
Ontario Hibbing Company, Minneapolis, Minn.
Stelco Nederland B.V., Amsterdam, The Netherlands
Stelco S.A., Geneva, Switzerland
The Steel Company of Canada (U.K.), Limited, London, England
Ubbelohde-Stelco S.A.C.I. y de R., Buenos Aires, Argentina
Stelco do Brasil Ltda., São Paulo, Brazil
Stelco de Venezuela, S.R.L., Caracas, Venezuela

Unincorporated Joint Ventures

	% Owned
The Hilton Mines, Que.	50.0
Wabush Mines, Nfld. & Que.	25.6
Hibbing Taconite Company, Minn.	10.0

Corporate Joint Ventures and Partnerships

	% Owned
Iron Ore	
Tilden Iron Ore Company, Mich.	15.6
Tilden Iron Ore Partnership, Mich.	15.6
Erie Mining Company, Minn.	10.0
Eveleth Expansion Company, Minn.	23.5
Ontario Iron Company, Minn.	10.0
Coal	
Mathies Coal Company, Pa.	13.3
Beckley Coal Mining Company, W. Va.	12.5
Olga Coal Company, W. Va.	10.0
Elk River Coal Project, B.C.	25.0
Other	
Baycoat Limited, Ont.	50.0
The Canada Systems Group (EST) Limited, Ont.	33.3
Torcad Limited, Ont.	50.0
Fers et Métaux Recyclés Ltée, Que.	50.0
Arnaud Railway Company, Que.	25.6
Wabush Lake Railway Company, Limited, Nfld.	25.6
Knoll Lake Minerals Limited, Nfld.	14.8
Northern Land Company Limited, Nfld.	12.8
Twin Falls Power Corporation, Limited, Nfld.	4.4

Registrar

THE ROYAL TRUST COMPANY
Toronto, Montreal, Halifax, Hamilton,
Winnipeg, Regina, Edmonton, Vancouver

Transfer Agent

MONTREAL TRUST COMPANY
Toronto, Montreal, Halifax, Hamilton,
Winnipeg, Regina, Edmonton, Vancouver

Annual Meeting

The Annual and a Special General Meeting of the Shareholders of the Company will be held at the Cinema Theatre in the Concourse of the Toronto-Dominion Centre, Bay Street Entrance, in Toronto, at 10.30 a.m., Eastern Daylight Saving Time, on Monday, April 25, 1977.

stelco

The Steel Company
of Canada, Limited

Toronto, Ontario

Pour obtenir un exemplaire de la
version française de ce rapport,
veuillez écrire au secrétaire,
The Steel Company of Canada, Limited,
P.O. Box 205, Toronto-Dominion Centre,
Toronto, Ontario, M5K 1J4.

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